

Decision 03-08-053 August 21, 2003

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Catalina Freight Line, a California corporation for authority to increase rates for the transportation of freight between Los Angeles Harbor and Catalina Island, California, and for an ex parte interim order authorizing the same.

Application 03-03-025
(Filed March 13, 2003)

O P I N I O N

Summary

This decision grants the application of Catalina Freight Line (Applicant), a corporation, to increase its rates pursuant to Pub. Util. Code § 454.

Discussion

Applicant is authorized to operate as a vessel common carrier (VCC-58) transporting freight between Los Angeles Harbor and Catalina Island. Applicant's current rates were authorized in 1991 by Decision (D.) 91-05-053 in Application (A.) 91-03-068. Applicant has not been granted a rate increase since then.¹

The application, as amended by letters of April 29 and July 18, 2003, requests authority to increase Applicant's current rates an average of 20%. Applicant states its has experienced significant increases in expenses, particularly

¹ An application to establish a zone of rate freedom of 30% above and 20% below Applicant's current rates was denied by D.02-10-004 because Applicant failed to show that it has competition from other similar freight transportation services or services of other means.

for insurance and labor, while its revenue has remained relatively flat. Costs for liability, workers' compensation, and cargo insurance increased 90% between 2000 and 2002 and are projected to increase an additional 6% in 2003. Applicant explains that these increases are not a result of its performance, but the generally poor state of the insurance industry and other reasons beyond Applicant's control. Wages were 26% higher in 2002 than 2000 and are expected to rise another 5% in 2003. Charges for vessel rental, which includes fuel, are now substantially higher than when Applicant's current rates were established.

Applicant states that the proposed rate increase is less than the percentage increase in the cost of living that occurred from January 1991 to December 2002, which was 28.2%.² Without the requested rate increase, Applicant projects an operating ratio of 104.5% for 2003.

The following table shows the present and proposed rates.

TABLE 1
Present and Proposed Rates

<u>Commodity</u>	<u>In cents per 100 pounds</u>		
	<u>Present</u>	<u>Weight</u>	<u>Proposed</u>
Freight, all kinds	819	*	983
Except as follows:	661	5,000	793
	377	20,000	452
	315	30,000	378
Furniture, appliances, etc.	1575		1890
Containers, empty, returning	315		378
Passenger motor vehicles	1575		1890

² According to the Consumer Price Index, All Urban Consumers, all items, as determined by the United States Department of Labor, Bureau of Labor Statistics for Los Angeles-Riverside-Orange County area.

Table 2 sets forth the estimated results of operations under present and proposed freight rates for the test year ending December 31, 2003.

TABLE 2
Test Period ending December 31, 2003
Income Statement

	Year Ending December 31, 2002	Test Year Ending December 31, 2003	
	<u>Present Rates</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Operating Revenue	\$2,176,963	\$2,200,000	\$2,612,356
Operating Expense	\$2,113,223	\$2,300,000	\$2,300,000
Operating Income (Loss)			
Before Tax	\$63,740	(\$100,000)	\$312,356
Operating Ratio			
Before Tax	97.1%	104.5%	88.0%

We find that Applicant's request is justified. We will grant the application effective immediately.

Notice of filing of the application appeared in the Commission's Daily Calendar on March 19, 2003. A copy of the application was served on the affected cities.

In Resolution ALJ 176-3110 dated April 3, 2003, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protest has been received. Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3110.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

Assignment of Proceeding

Richard Clark is the assigned Examiner in this proceeding.

Findings of Fact

1. Applicant operates as a freight vessel common carrier between Los Angeles Harbor and Catalina Island.
2. The application, as amended, requests authority to increase Applicant's rates an average of 20%.
3. Applicant's current rates were authorized in 1991 by D.91-05-053.
4. Under its current rates, Applicant projects 2003 revenue of \$2,200,000 and expenses of \$2,300,000, resulting in an operating ratio of 104.5%.
5. Under the proposed rates, Applicant projects 2003 revenue of \$2,612,356 and expenses of \$2,300,000, resulting in an operating ratio of 88%.
6. The proposed rates are justified under Pub. Util. Code § 454.
7. No protest to the application has been filed.
8. A public hearing is not necessary.
9. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusions of Law

1. The proposed rate increase is just and reasonable and should be granted.
2. Since the matter is uncontested, the decision should be effective on the date it is signed.

O R D E R

IT IS ORDERED that:

1. Catalina Freight Line (Applicant) is authorized to establish the increased vessel common carrier rates set forth in the application.

2. Tariffs may be filed on or after the effective date of this order. They may become effective five days or more after the effective date of this order provided that the Commission and the public are given not less than five days' notice.

3. Applicant shall inform the public of the increased rates and their effective date by posting notice at its terminals. Such notice shall be posted not later than the date the new rates take effect and shall remain posted for not less than 30 days.

4. This authority shall expire unless exercised within 90 days after the effective date of this order.

5. The Application is granted as set forth above.

6. This proceeding is closed.

This order is effective today.

Dated August 21, 2003, at San Francisco, California.

MICHAEL R. PEEVEY

President

CARL W. WOOD

LORETTA M. LYNCH

GEOFFREY F. BROWN

SUSAN P. KENNEDY

Commissioners